

OFFICE OF THE GOVERNOR  
STATE OF MONTANA

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GOVERNOR



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May 14, 2007  
Signing Statement – Governor Brian Schweitzer  
House Bill 25

When you've been hit with a disaster, you do what you can to keep things from getting worse. Energy deregulation was an unmitigated disaster for Montana. Those who promoted it have had second thoughts; they now support a small mitigation measure, HB 25, but that support is little comfort for Montana consumers and Montana businesses who continue to pay the price.

I am signing HB 25 because:

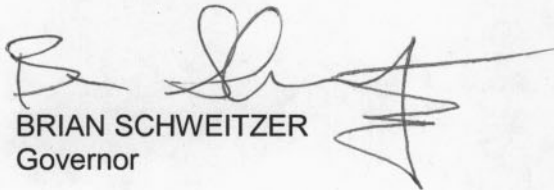
- It has the potential to give Montanans a small measure of protection from an out-of-state corporation that places its profits above the economic health of this state and its people.
- It opens up the possibility of electricity rates that will be lower in the future than otherwise would be the case. With HB 25, Montana customers will no longer be solely dependent on the market price of electricity. Rather, the price of this future energy will be based upon costs, plus a reasonable rate of return.
- It allows NorthWestern Energy to more effectively pursue longer-term, low-cost contracts, or if need be, to construct its own power generation facilities. As Montana's default energy supplier, NorthWestern justifiably has a need for fast-ramping resources that can quickly respond to variability in system demand. If Montanans wish to see wind development, this activity will be imperative.
- It enacts into law the first step toward a lower carbon future for Montana. The bill limits pre-approval to facilities that sequester their carbon dioxide emissions.
- The effective date of HB 25 was delayed until October, which allows the proposed Highwood Generating Station more time to gather prospective customers. Properly interpreted, the bill will allow experiments like Highwood to continue.
- It is supported overwhelmingly by the Public Service Commission and by the Montana Consumer Counsel.

That said, I hope no one is operating under the illusion that HB25 will return Montana to the days of inexpensive power bought and paid for by the generations of Montanans who came before us. HB25 does not put the toothpaste back in the tube. We will continue to live with high-priced energy wrought upon us by the architects of deregulation. Potential benefits from HB25 will only accrue down the road.

I also point out that HB25 will put great responsibility upon the Public Service Commission. The PSC must be ever-vigilant to ensure that the risk of new energy construction does not

inappropriately fall upon ratepayers. While I have full confidence in the current PSC, I ask Montana voters to be very thoughtful as they choose commissioners in the years ahead.

Going forward, rules adopted by the PSC to implement HB25 will be critical. As part of the negotiations over this bill, the timelines for issuing these rules were tightened. I ask all parties to these hearings to participate openly and honestly, keeping the best interests of all Montanans in mind. In the recent legislative process we have seen what special interests and well-moneyed obstruction can do to the business of running good government. I trust that we will not repeat that scenario in the rules process for HB25.



BRIAN SCHWEITZER  
Governor